FBIS DAILY REPORT

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FOREIGN MINISTER COMMENTS ON RELATIONS WITH U.S.

PY260228Y Buenos Aires TELAM in Spanish 0030 GMT 26 Sep 78 PY

[Text] United Nations, 25 Sep (TELAM/ANSA)--"Argentine-U.S. relations are normal and the government of Buenos Aires hopes that they will become excellent," Argentine Foreign Minister Oscar Montes said today. He will meet with Secretary of State Cyrus Vance on 28 September.

Montes revealed that the meeting will be held in response to a request from his U.S. counterpart and stressed that it is the result of the meeting held in Rome between U.S. Vice President Walter Mondale and Argentine President Jorge Rafael Videla on the occasion of the installation of Pope John Paul I.

The Argentine foreign minister said that the agenda for the meeting which he will hold with his U.S. counterpart outside the framework of the UN General Assembly is open and indicated that the meeting will be used to discuss subjects of mutual interest to the two countries with the aim of raising currently normal relations to the excellent level they have always had.

Montes admitted that the quality of Argentine-U.S. relations had decreased from excellent to normal, but recalled recent statements with regard to the improvement of these relations made by the U.S. ambassador to Buenos Aires, Raul Castro.

The Argentine minister denied that he intended to complain to V nce about the criticisms which U.S. Assistant Secretary of State for Human Rights Patricia Derian recently made regarding the Argentine Government, but he reasserted that the United States must not issue statements against Argentina the way Patricia Derian did.

"I am sure that this subject will be discussed with Vance and we will talk about it to find a solution," said Montes, stressing that this kind of statement, from either side, affects relations between the two countries.

According to the Argentine foreign minister, "should these statements be considered necessary, they must be made at the highest level so as not to harm bilateral relations."

The head of Argentine diplomacy also stated that his country assigns great significance to his meeting with his British counterpart, David Owen, scheduled for Thursday, 28 September. However, Montes did not restrict the significance of his meeting with the head of the Foreign Office to the specific matter of the age-old Anglo-Argentine conflict concerning the Malvinas Islands. He stressed that during the talks bilateral relations at all levels will be discussed.

Montes said that "Argentina will reassert that it is willing to continue negotiations, even though it believes that the talks are proceeding slower than we would have liked."

CNEA LEADER CRITICIZES NONPROLIFERATION TREATY

PY221458Y Buenos Aires TELAM in Spanish 2210 GMT 21 Sep 78 PY

[Text] Buenos Aires, 21 Sep (TELAM)--Rear Adm Carlos Castro Madero, president of the National Atomic Energy Commission [CNEA], has maintained that international cooperation is the most appropriate channel for the peaceful use of nuclear energy and at the same time criticized the international denuclearization treaty because it does not meet conditions of equality and mutual respect for all signatories.

These and other remarks were made by the CNEA president during a speech at the general conference of the International Atomic Energy Agency [IAEA] being held in Vienna. The speech was released in Buenos Aires today.

Admiral Castro Madero indicated that Argentina, unlike some countries which implemented a restrictive policy of obscurantism, believes that international cooperation is the most appropriate channel to assure the peaceful use of nuclear energy.

He maintained that unlike the Tlaltelolco treaty (denuclearization of Latin America), the International Treaty on Nonproliferation of Nuclear Weapons [NPT] is not viable since it does not meet conditions of equality and mutual respect for all signatories.

He explained that the Tlaltelolco Treaty is unanimous and equal regarding denuclearization, whereas the international treaty failed because it not only did not stop vertical proliferation but did not even prevent its acceleration. From 5,200 strategic nuclear warheads in 1968, we went to 13,500 warheads last year.

In addition, promises of technological assistance for nuclear development for peaceful purposes have not had the expected results either, as shown by the acts and documents of the conference which reviewed the 1975 treaty, he indicated.

Castro Madero stated his objection to restrictive intentions to limit technical assistance to NPT signatory countries, indicating that this means establishing a ceiling on growth.

He added that this favors trade suppliers of technology: In other words, it favors profits for a small part of the world to the detriment of the other.

In this regard, he announced that in view of the restriction which prevents the IAEA from providing Argentina the assistance needed because of its nuclear development, the Argentine Government is seriously considering ending its assistance requests.

He also criticized the safeguards policy, "a demand," he indicated, "which seems to be oriented toward consolidating a status of industrial hegemony detrimental to most members of the international community."

The CNEA president also reviewed what the CNEA is doing and detailed bilateral agreements with countries in Latin America, citing the agreement with Peru under which Argentine scientists and technicians designed and assembled a zero-power nuclear reactor outside Lima.

ROJAS RECOMMENDS OCCUPATION OF DISPUTED ISLANDS

PY231916Y Buenos Aires TELAM in Spanish 1330 GMT 23 Sep 78 PY

[Text] Bahia Blanca, 23 Sep (TELAM)--Adm Isaac Francisco Rojas stated yesterday in this city that "the current southern border conflict is not enough reason to declare war on Chile. What should be done is to take over those territories which are ours, but have been occupied by Chile." The former vice president also said submitting the conflict to arbitration had been foolish and indicated that the current situation is, for the most part, a result of Argentina's neglect.

With regard to Chile's attitude, Admiral Rojas stated that the neighboring country has been an expansionist power under all the governments--leftwing, rightwing, dictatorial or Marxist-communist, under Allende and under General Pinochet--[words indistinct] Hitler's lessons.

During an interview with the newspaper LA NUEVA PROVINCIA, Rojas was asked whether he favored occupation of the Picton, Nueva and Lennox Islands. Admiral Rojas stated, "Yes sir, the same way we occupied Snipe Island in 1958."

Asked what Chile's reaction would be in this case, he answered: "I do not know, but I do not believe that the occupation should be aggressive or bloody. A few settlers must be installed, Chile's reaction to this must be calculated, and Argentina must be prepared to respond to the final results."

When asked his opinion on the possibility of an agreement based on acknowledgement of Chilean sovereignty over these islands, Admiral Rojas stated: "The worst. Argentina owns these islands according to the treaties signed with Chile in 1881 and 1893 and the act clarifying the pacts of May 1902. These islands have been occupied by Chile thanks to Argentina's oversight. The islands are located in the Atlantic and Chile is not merely interested in taking over the islands, which have no tapped wealth so far. Chile has a geopolitical objective which goes far beyond the mere possession of the islands. Chile wants to set foot on them to expand toward the Atlantic, with the ensuing economic and strategic results. Very close to these islands is the so-called Namuncura Bank. There is almost surely oil there. In addition, it is believed that there is a large protein reserve and some ore. Chile would also become the owner of three passages between the Atlantic and the Pacific. It already owns the Magellan Strait, due to the cession we granted to it in 1881. It owns half of the Beagle Channel, although it tried to get all of it. If the senseless Fagalde doctrine had been approved in 1905, the entire Beagle Channel would have been Chilean."

Admiral Rojas also discussed Alvaro Alsogaray's recent proposal to create a southern economic community between the two nations. He said that he agrees with all of the proposal for Argentine-Chilean complementation except the first item, indefinite maintenance of status quo. In this regard he said: "We have been maintaining the status quo for 100 years, but it is a very strange status quo which is constantly moving toward the east. Should we accept Alsogaray's proposal, Chile would continue moving eastward and we would have Chile on the Atlantic as a two-ocean power without any kind of compensation, such as ceding some important Chilean islands in the Pacific. Why doesn't Chile give us Hermitte Island, for example? We would place our flag there, install a customshouse and appoint our own wardens while we claimed 200 miles in the Pacific. This is not a proposal, just a comment. I do propose, however, that there be no status quo."

In a lecture delivered last night at Rivadavia Library in this city, Admiral Rojas insisted that the Chilean-Argentine conflict will not have a lasting solution until Chile acknowledges Argentina's sovereignty in the Atlantic, "in the same way we acknowledge Chile's sovereignty in the Pacific. The best proof of loyalty would be to leave the Picton, Lennox, Neuva and all other islands which Chile is occupying in the Atlantic. Unity will come next."

MASSERA VIEWS PARTIES, DISPUTES WITH NEIGHBORS

PY252220Y Buenos Aires TELAM in Spanish 1624 GMT 25 Sep 78 PY

[Excerpt] La Rioja, 25 Sep (TELAM)--In discussing political parties, Adm Emilio Eduardo Massera, Ret, stated that there is no denying that these parties will play a significant role in the near future as trends of opinion in the process of national reorganization. "Renewed with the passage of time and adjusted to the demands of the current situation, the political parties must participate in the process," he said.

In an interview published today by the daily EL SOL of this city, Admiral Massera also analyzed the Beagle conflict and the relations with Chile.

He said that "for years Argentina has been living without being clearly aware of the meaning of its territorial properties. Our fraternal feelings can no longer be given away unconditionally, nor are we ready to allow third parties to pass judgment and decide things which are our concern, in the name of so-called fairness."

Massera added that "fraternity is a two-way relationship, it can never be unilateral because it will run the risk of falling into the realm of an idealism incompatible with politics and certainly negative for national interests."

With regard to the joint utilization of the Parana River, Massera indicated that "common sense must prevail and eventually Argentina, Paraguay and Brazil will reach a constructive agreement, acceptable to both parties [as received], because conflicts cannot go on forever with a solution."

He also said: "In addition to this, the worsening of the conflicts between Argentina and Brazil not only benefits neither of them, but also encourages interests opposed to the valuable cooperation in the southern cone. Only facts must be paid attention to, everything else is either a fable or a misunderstanding. In the meantime, Argentina will continue to do what it considers best for its interests."

BALBIN URGES STATUTE FOR POLITICAL PARTIES

PY252039Y Buenos Aires HERALD in English 25 Sep 78 p 9 PY

[Text] Cordoba--Radical Party Leader Ricardo Balbin told the TIEMPO newspaper here that the drawing up of a statute for political parties will be needed "to build a modern, stable and secure democracy."

But Balbin added that no official decision has apparently yet been taken. "The president, the commanders-in-chief, and senior officers speak, but there is no precision, a diversity of concepts arise from the whole," Balbin is quoted as saying.

With respect to the role the armed forces will play when a return to constitutional rule takes place, Balbin asked himself "whether it's a question of guaranteeing the presence of the armed forces in government or of assuring the continuity of civilians (in government)."

Balbin also maintained that the former commander-in-chief of the navy, Admiral Emilio Eduardo Massera, would undoubtedly play an important political role in the near future. Balbin claimed that the possibility of Massera founding his own political party, or joining an existing one, is "within the realms of possibility."

"If we really are to build a modern, stable and secure democracy," Balbin said, "all that is needed is to draw up a statute for the political parties and permit them to organize themselves. I estimate that elections could be held in little over a year after that, preceded by an efficient, constructive and real dialogue."

Questioned on Argentina's dispute with neighbouring Chile over the Beagle Channel Islands, Balbin said that "I want peace, but not at a price. If it has a price then it isn't peace."

Balbin was also critical of government economic policy and claimed that the wage surveys periodically conducted by the government do not reflect the real situation of wage-earners.

ARMY ANNOUNCES DETENTION OF MISSING LAWYERS

PY231428Y Buenos Aires NOTICIAS ARGENTINAS in Spanish 1300 GMT 23 Sep 78 PY

[Text of communique released in Cordoba on 23 September 1978 by Maj Gen Luciano Benjamin Menendez, commander of III Corps]

[Text] The commander of III Corps informs the population:

1. That he has ordered the detention of the citizens Norberto Yankilevich, Sajario Feldman, Fedora Lidia Sokol, Alicia Sciutto, Luis Reinaudi, Enrique Perelemuter, Norma Josefa Balboa, Rosa Viriginia Roda de Boyoschi, Fidel Castro and Jose la Rizza.

2. That the detentions have been ordered in connection with investigation of alleged activities by these persons, who may be linked with others who intend to disturb order, peace and tranquillity.

III Corps is attentively following events, fulfilling its mission of assuring that the peace and tranquillity obtained through so much effort is not endangered or interrupted.

SAN FERNANDO BAKERS UNION LEADERS ARRESTED

PY251617Y Buenos Aires NOTICIAS ARGENTINAS in Spanish 1412 GMT 25 Sep 78 PY

[Excerpts] Buenos Aires, 25 Sep (NA)--Union spokesmen reported today that 35 union leaders were arrested when participating in a gathering at the San Fernando Bakers Union, and taken to the police precinct in that city where they remain. According to union sources who provided the information--which was not confirmed by police sources--the leaders, all of them from the north section of Buenos Aires, were arrested on Friday at approximately 2330 while "attending a barbecue." According to union reports, the authorities who carried out the action said the union leaders were being arrested because they were violating existing laws.

This morning the leaders remained under arrest at the police precinct, while lawyers hired by their families and union organizations began the appropriate legal measures in an effort to obtain their release, according to the union spokesmen. The majority of those arrested are the secretaries general of union organization in the north area of Buenos Aires.

BRIEFS

NAVY CHIEF OF STAFF--Buenos Aires, 21 Sep (TELAM)--The commander in chief of the navy, Adm Armando Lambruschini, has presided over the ceremony in which Vice Adm Antonio Vanek was sworn in as chief of staff of the navy. [Buenos Aires TELAM 1538 GMT 21 Sep 78 PY]

NAVAL OPERATIONS APPOINTMENTS--Rear Adm Jose Nestor Estevez was sworn in yesterday as chief of operations of the Navy General Staff, replacing Rear Adm Julio Antonio Torti. [Buenos Aires Domestic Service in Spanish 1030 GMT 22 Sep 78 PY] Vice Adm Julio Antonio Torti was sworn in as the new commander of naval operations today, replacing Vice Adm Antonio Vanek. [Buenos Aires Domestic Service in Spanish 2000 GMT 22 Sep 78 PY]

RESIGNATION OF GOVERNOR--San Juan, 19 Sep (TELAM)--Navy Capt Alberto Vicente Lombardi has submitted his resignation as governor of San Juan Province, for reasons of health. [Buenos Aires TELAM in Spanish 1450 GMT 19 Sep 78 PY]

PEREDA SAYS GOVERNMENT WILL NOT YIELD TO EXTREMISM

PY251517Y La Paz Radio Panamericana Network in Spanish 1130 GMT 25 Sep 78 PY

[Excerpts] President Juan Pereda Asbun yesterday told the people of Santa Cruz that he will never yield to extremism. During the civic ceremony which took place in Santa Cruz's main square to commemorate the department's anniversary celebrations, he warned that anyone causing chaos and violence will be punished according to the law.

He added: To the people of Bolivia, who are champions of nationalism and democracy, I would like to say that we will never yield even one single millimeter to extremists. I believe that the people of Bolivia are deeply bound to nationalism. All political tendencies should clearly heed this warning: We will not allow the destiny of the nation to be destroyed or postponed because of group interests, or by the actions of those who confuse the democracy which we have established with an alleged weakness of character.

He added: Because we have the support of the people, we have been able to obtain their respect and affection. The period of freedom we are now experiencing is the result of the popular support which the government enjoys. Only the weak, at the individual as well as the social level, resort to force or resolve their problems through violence. Those who are in the right do not need anything other than (?freedom); ideas and firmness of conviction. The people of Santa Cruz can be sure that democratization will continue, but because democracy means so much to us, we will punish with the full force of the law those who try to destroy the peace through chaos and violence.

PDC REGIONAL GROUPS DEMAND NEW PARTY CONGRESS

PY251601Y La Paz Radio Panamericana Network in Spanish 1130 GMT 25 Sep 78 PY

[Text] The regional committees of the Christian Democratic Party [PDC] of Potosi, Oruro and La Paz are demanding the immediate convoking of a national congress to elect a new PDC Executive Committee.

Sources indicated that the regional committees made this decision because the party's Executive Committee is acting in a dictatorial and authoritarian manner, as has been previously reported. The resignation presented by Gen Rene Bernal Escalante, who was chosen as the party's presidential candidate at a national congress, should be discussed by another national congress, according to the regional committees. They said that members of the PDC executive have once again revealed their opportunism and their intentions to divide the nation's political scene, as they did during the time of Gen (Rene Barrientos Ortuno), which left unpleasant memories for the PDC.

The present leaders of the PDC Executive Committee, such as Benjamil Miguel, Remo di Natale, Luis Ossio and others, have tarnished their images through their moral and material actions within the party.

The sources added that they witnessed the irregularities which took place during the elections, as well during the pre-electoral and post-electoral periods. They said the regional committees did not agree with the Executive Committee at any time, but they were never given the chance to make public statements about this. According to the regional committees, the PDC Executive Committee is acting against the will of its grass roots committees in regard to its international agreements.

BRIEFS

BOMB DAMAGES RADIO COSMOS--A bomb exploding near a transmitter of Radio Cosmos in Cochabamba has destroyed the station's transmission tower. [La Paz EL DIARIO in Spanish 10 Sep 78 p 3 PY]

'JORNAL' INTERVIEW WITH NUCLEBRAS CHAIRMAN BATISTA

[Y251917Y Rio de Janeiro JORNAL DO BRASIL in Portuguese 24 Sep 78 p 32 PY

[Text of interview with NUCLEBRAS Chairman Paulo Nogueira Batista 23 September]

[Excerpts] JORNAL DO BRASIL: What is the true total cost of the Brazilian Nuclear Program?

Nogueira Batista: In reference to this, I would like first to deny assertions by this newspaper that the public has never been given information regarding that question. I would only have to refer to an interview on 21 May in which I said that the cost of the first eight plants to be built under the nuclear program is estimated at $13 billion. These investments will be made under the electrical production program through resources normally allocated to meet the country's demand for electric power. Investments in the nuclear program, strictly speaking, are those made by NUCLEBRAS for the purpose of creating engineering capability, manufacturing components and producing nuclear fuels. These investments can be estimated at approximately $2 billion, an amount slightly higher than the cost of a nuclear power plant. The resources necessary for each NUCLEBRAS project are obtained through a long process of discussions at various government levels, exercising all the care which the investment of public funds calls for. Each project has had the approval of the president; appropriate financing has been studied by the Mines and Energy Ministry and the Planning Secretariat of the Presidency (SEPLAN); and, if that financing involved operations abroad, by the finance minister also.

Investment figures under the nuclear program are given in dollars in order to make possible the calculation of each project in constant values, which would be very difficult using national currency as a basis. The figures in dollars, therfore, do not mean that expenditures are made in foreign currency or that they represent a foreign exchange burden for the country. Therefore, it seems to me improper to compare the total cost of the program given in dollars with the amount of the country's foreign indebtedness, giving the impression that foreign exchange is involved and that, consequently, Brazil's foreign debt is growing. In fact, expenditures in foreign exchange do not amount to even one-fourth of the total investment. Speaking of the total cost of the nuclear program, one should not forget that the program will be implemented over a 15-year period and that Brazil is expending $4 billion annually in oil imports--plus another $4 billion this year in the electrical sector.

JORNAL DO BRASIL: Could Brazil continue to depend primarily on its hydroelectric potential, thereby implementing its nuclear program more slowly?

Nogueira Batista: I have already spoken on this question many times, but I am willing to discuss it once more. There is not, I repeat, any conflict whatsoever between the nuclear and hydroelectric programs. One has to be very shortsighted not to see that Brazil will need both sources of energy. In the first stage, consisting of the construction of eight nuclear plants designed to produce 10,000 mw by 1990, the nuclear program will only complement the hydroelectric program. To have a clear idea on this question, I would only say that 50,000 hydroelectrically generated megawatts will have to be added to the current 20,000 by 1990, to produce a total of 70,000 hydroelectrically generated megawatts.

Only in the last decade of this century, when our needs will increase from 80,000 mw to about 200,000 mw, will the nuclear program receive more emphasis than the hydroelectric program. But even then, by the end of the century, most of the installed capacity to produce the 200,000 mw necessary will be hydroelectric. Therefore, I believe the idea--which is being fostered in some circles--that nuclear investments are causing reductions in hydroelectric investments in incorrect. On the contrary, initial investments in the nuclear program will strengthen the reliability of the Brazilian electric supply system, which cannot be left to the mercy of uncertain rain patterns. Our supply system must be complemented by thermal sources which can only be found in the nuclear plants.

In addition, the gradual entry into operation of the nuclear plants as part of the country's total electrical production capacity will represent a benefit for the industrial and engineering sectors involved in electrical production by prolonging their operational lifetime. This will also help by avoiding crash projects in hydroelectric production to meet the intensive demand in the short term. On this point, I must also note that the known hydroelectric potential on which feasibility studies have been completed does not surpass 100,000 mw.

PRC MISSION ARRIVES, CALLS FOR INCREASED TRADE

PY2213l4Y Rio de Janeiro O GLOBO in Portuguese 21 Sep 78 p 26 PY

[Text] A commercial mission from the PRC, representing the State Chemical Products Corporation, arrived in Brazil yesterday. (Che Li-sung) is heading the delegation. The PRC mission, accompanied by PRC Ambassador Chang Te-chung, was received by Mines and Energy Minister Shigeaki Ueki. Ueki said that INTERPBRAS [PETROBRAS International Trade, S.A.] will create a special commission to negotiate with the PRC mission, and added that this is necessary because the PRC is interested in trade relations with Brazil, just as it is interested in broadening trade with other nations. According to sources involved in foreign trade, the main objective of the PRC mission is to import Brazilian steel products, including pig iron, while paving the way for Minister Ueki's visit to the PRC late in October.

The group of PRC businessmen was received in Itamaraty by Tompson Flores, acting director of Itamaraty's commercial promotion department. On that occasion the Chinese expressed Peking's intentions of stepping up trade between the two countries, and, if possible, of establishing an active system for import and export of chemical and pharmaceutical products. The assistant to Itamaraty's spokesman, Graca Lima, said that Brazil is interested in importing raw material for its pharmaceutical industry from the PRC, while maintaining a balance of trade in that area. Lima said that the PRC mission wants to explore and probe the Brazilian market rather than actually conclude contracts. However, Lima said that nothing prevents purchase and sale contracts from being signed during the mission's visit.

U.S. CITIZENS REQUIRED TO OBTAIN ENTRY VISAS

PY220245Y Porto Alegre Radio Guaiba in Portuguese 0200 GMT 22 Sep 78 PY

[Text] Brasilia--Beginning tomorrow, Brazilian consular offices abroad will grant entry visas, and will exempt foreigners from the requirement to obtain visas on a strict reciprocity basis. This means, for instance, that Europeans--with the exception of socialist countries--will be able to enter Brazil without visas, but Americans will be required to obtain entry visas because the United States demands that Brazilians obtain entry visas.

ELECTORAL TRIBUNAL'S RESIGNATION ANNOUNCED OVER TELEVISION

PA2511572 Quito Domestic Service in Spanish 0103 GMT 23 Sep 78 PA

[Speech to nation by Rafael Arizaga, president of Supreme Electoral Tribunal--live; place not given]

[Excerpts] During these long weeks of vote counting--sometimes boring and tiresome and at other times with incidents natural to political struggle--the tribunal has advanced in its task, which has been bitterly criticized by the mass information media, the political parties affected by the tribunal's decisions and public opinion in general, which has been intentionally or unintentionaly misled by several national press concerns. I have not come here to accuse anyone or to begin disputes with political parties or persons who still believe themselves to be leaders of the country's public opinion or with the press. I have simply come to prove what I said some weeks ago when the case of the Esmeralda Province vote count came up.

As you may recall, the tribunal had begun its count with the northern provinces, Carchi and Imbabura, and had already reported some shortcomings and violations which would set the pattern for the vote count in most of the provinces. Clearly and precisely applying the electoral law, Articles 89 and 64 specifically, the tribunal nullified some electoral minutes from these provinces. However, when the count dealt with Esmeralda Province, we found ourselves facing a very odd situation, which caught our attention. We said that the ballot boxes had arrived from the provinces. There was also an envelope containing minutes and ballots which, when we opened it--to the surprise of those present--we found that these were envelopes and ballots which had been deposited in the ballot boxes on 16 July during the presidential and vice presidential elections. However, these ballots did not arrive inside the ballot boxes as they should have or within special packages as have been received from other provinces, but in a separate envelope which, when opened, showed that all the minutes and envelopes had been broken into by members of the Esmeraldas electoral tribunal.

On that occasion I made a statement which has become the slogan in the campaign against me and the Supreme Electoral Tribunal. I said that this was but a pale reflection of what was to come later.

After the incidents of the Esmeralda Province voting, the tribunal studied the minutes from the Cotopaxi Province elections. What happened in this province? The tribunal was compelled to abide by the law and declare the absolute nullification of the entire Cotopaxi Province election because of completely obvious violations committed by the province's electoral tribunal. Everything I am saying now, what I have said so far and what I will say later will be supported by documentary evidence to be presented during this program by one of the Supreme Electoral Tribunal members who is with me at this time and who has the documents to prove my charges.

After what happened in Cotopaxi Province we found the really scandalous fraud--violating every legal norm--committed by the Pichincha provincial tribunal. The scandal caused by what was being discovered as the counting for this province proceeded was such that the tribunal was forced to appoint a commission to conduct a thorough investigation of everything that happened on 16 July in Pichincha Province. After the investigation, on 23 August, the commission submitted a report which was published in the newspapers, especially in Quito. The documents presented here tonight do not leave the slightest doubt about the affirmations made by me and the Supreme Electoral Tribunal and by political party delegates that electoral fraud was committed on 16 July. However, people should not believe that what was shown here tonight is everything that the Supreme Electoral Tribunal has as evidence to confirm this fraud. The lack of time does not permit us to present more documents but they are in the tribunal's files.

Fraud was committed in many electoral districts of Guayaquil, just as it had been committed prior [as heard] to that at the electoral boards of Santo Domingo de los Colorados and other provinces.

I have here with me only 36 individual cases of fraud. Let it not be said that the fraud was committed by the Supreme Electoral Tribunal or that it was manipulated by the tribunal. This is only one of the desperate defenses of those who are at this moment appearing as defenders of the honesty of the election.

We assume our responsibilities and will continue to assume them. The sampling we presented here is not everything that we have verified in the election fraud of 16 July; the percentage is very much greater. It cannot be said that fraud was committed by only three or four election boards of the Febres Cordero or [name indistinct] districts of Guayaquil. No, dear listeners, the fraud was committed on a national scale, as far as we have been able to determine. There is not the slightest doubt of this. I do not wish to further tire television viewers with this part of the report because you have been able to verify with facts what I have been saying.

Today's EL COMERCIO published a statement by Nationalist Revolutionary Party delegate Byron Franco. It states that since he participated as his party's delegate in the tally for the Febres Cordero district of Guayaquil, he can emphatically affirm that the tallying was done in private homes. This is exactly what Byron Franco said in EL COMERCIO today, Friday, 22 September. I insist on emphasizing that I am reading from EL COMERCIO to refute with arguments of their own kind--which do not even need arguments, but clear facts--that the recording I am accused of having made yesterday in the government palace is just as false as almost all of the charges made in the country's newspapers to try to discredit the Supreme Electoral Tribunal, and principally its president. Therefore, the people know that I am speaking today, Friday, 22 September, and that I have read what the papers wrote today, principally the statements made by Dr Cordoba and Dr Carrion and a biased reproduction of Galo Plaza's statements broadcast on television.

To conclude, I wish to state in a clearer and more precise manner that the Supreme Electoral Tribunal has completed its judgment of the provincial tribunal of Pichincha. The condemnatory resolution has been signed and will be made public after the violators are notified. At the end of this presentation, which I hope is the last one I will be obliged to make before the television cameras, I wish to reaffirm to the country, to the people in general, the political parties not involved in this fraud and to the leaders of national opinion that election fraud was committed on 16 July. It is not up to the Supreme Electoral Tribunal to declare the elections void; it does not have the legal power to do so. Neither can we insinuate or request this or that legal measure. The respective authorities will know what steps to take in due time. In view of these facts and this fraud--which I call by this name because it has no other--which has voided the 16 July elections, the Supreme Electoral Tribunal cannot continue to validate this process with its presence and, therefore, we have all presented our resignations because we feel that the presence of this organization is unnecessary in view of the political situation existing in the country.

I again reject for the last time, emphatically and definitely, all the malevolent insinuations or affirmations that this fraud--the term used by those who deny it themselves--has been committed by the Supreme Electoral Tribunal, just as it is such an absurd charge that I recorded this statement yesterday. The people know that I am making these statements today, Friday evening.

Finally, I wish to reaffirm publicly my thanks to each and every member of the Supreme Electoral Tribunal for the loyal and gentlemanly manner in which they have conducted themselves on the problem of the elections and the legal problems which this body has confronted. I also thank them for the honor they conferred on me by electing me president of the tribunal.

dear listeners, in order not to tire you any more, I have said everything I had to say. The evidence has been presented. No one can refute [words illegible]. We hope that the country's democratic conscience will not be deceived by apparent results of the 16 July elections--who even in the unlikely case that the voting did in fact represent the true will of those voters, which is not true because we have proved here that it was falsified and adulterated--in spite of that, (?they) represent only a very small minority of the Ecuadorean people, who have no reason to be frightened by really unspeakable attitudes of all these people who want to establish a fascist regime of terror and death in the country.

Thank you, television viewers.

ROLDOS DISMISSES CHARGES OF ELECTORAL FRAUD

PA2402221Y Madrid EFE in Spanish 0434 GMT 23 Sep 78 PA

[Text] Quito, 22 Sep (EFE)--Jaime Roldos, the victorious candidate in the first round of the Ecuadorean presidential elections, said tonight that there is not the slightest basis for charges of electoral fraud.

Roldos was referring to statements by Rafael Arizaga Vega, president of the Supreme Electoral Tribunal, who over a radio and television network reiterated his charge that the voting was fraudulent and showed documents to substantiate this allegation.

In a telephone conversation from Guayaquil, where he resides, Roldos told EFE that Arizaga's presentation has only served to demonstrate the existence of coupist ambitions.

The resigning president of the Supreme Electoral Tribunal, Roldos added, has demonstrated that he is a consistent supporter of coupist sectors and that he is linked with the parties which were defeated in the 16 July elections.

Roldos said that the Ecuadorean electoral process, which was completely controlled by the Supreme Electoral Tribunal, has served to confirm that the results of the 16 July elections were a clear and emphatic pronouncement by the country's majorities.

Roldos described as most childish the evidence which Arizaga presented to support his claim. In response to Arizaga's suggestion that the authorities annul the elections, Roldos reiterated that he has confidence in the armed forces.

This means that the Electoral Tribunal, whose resignation was announced by Arizaga, should be reorganized as soon as possible to allow the vote count to be concluded so that the runoff presidential elections can be held, the candidate said.

Consequently, Jaime Roldos emphasized, the governing military triumvirate has an inescapable political and historical responsibility which it must fulfill.

BRIEFS

WARM PACT WITH ROC--Panama City, 22 Sep--Ecuador welcomes an agricultural technical mission from the Republic of China, according to an agreement signed between the two countries. The agreement was signed in Quito on September 18, between Chen Chiu-kiang, director for the department of agriculture of the Ministry of Economic Affairs of the Republic of China, and Dr Enrique Ampuerto Pareja, Ecuador's minister for agricultural development. The cooperation agreement was to the effect that the Republic of China will send a farm team to Ecuador to help with rice planting and hog raising. It will be in effect for 2 years. Chen is currently on a tour of Central and South America. [Text] [Taipei CNA in English 1403 GMT 23 Sep 78 OW]

MILITARY SUPPORTS PRESIDENT; MORALES SCORES PRESS EXCESSES

PA251350Y Paris AFP in Spanish 0051 GMT 25 Sep 78 PA

[Text] Lima, 24 Sep (AFP)--The Peruvian armed forces today reiterated their "support and endorsement" for President Gen Francisco Morales Bermudez, in whom they have "deposited their faith and steadfast trust in achieving the revolutionary government's objectives." This support was expressed to the president by Prime Minister and War Minister Gen Oscar Molina Palochia during a military ceremony held at the Government Palace on the occasion of Peruvian Armed Forces Day today.

Present at the ceremony were the members of the military government junta, the cabinet, the chairman of the Joint Command, the chiefs of the army, navy and air force general staffs, and the chiefs and assistant chiefs of the police and armed forces.

In a speech General Morales stressed the armed forces' "monolithic unity," noting that it is fundamental to overcoming successfully the current economic crisis as well as "any other threat."

He admitted that the government may have made mistakes but scored "the escalation of sensationalist and demogogic journalism, which abuses freedom of the press" and, protected by the current democratic opening, seeks "to dangerously divide civilians and the military." According to him, that kind of journalism seeks to harm the armed forces' image and to create a situation that would prevent the normal transfer of power scheduled for 1980.

Finally, he said the various political party leaderships must contribute their share of maturity so that conflicts do not turn into elements of ill will, because the country needs peace. The president also reiterated the military's "firm determination" to "respect and maintain the paths of free democratic expression despite the excesses that are perceived."

Prime Minister Fears Violence

PA251421Y Madrid EFE in Spanish 0330 GMT 25 Sep 78 PA

[Text] Lima, 24 Sep (EFE)--Peruvian Prime Minister Gen Oscar Molina said today that the process of transfering power to civilians is being threatened by those who do not believe in democracy and who choose the path of violence and disorder. Molina compared the Peruvian democratization process with "a boat that has to navigate a stormy ocean over which no more thunder and lightning should fall."

General Molina, who also holds the post of war minister and general commander of the army, warned that both the government and the Constituent Assembly must define their responsibilities.

In a clear reference to the extreme left's demands, both within the assembly and through its press spokesmen, the prime minister affirmed that the gradual transfer of power is being "threatened by dark clouds." Radical leftwing groups are demanding that the constituent assembly assume legislative and executive power and that the military government step down immediately. This position is rejected by the majority Aprist party of Peru and the Popular Christian Party, which together hold 65 percent of the assembly seats.

In political circles Molina is known as a moderate, one of the main advocates of the institutionalization of the country's political life and the government official who has remained most closely in touch with the Constituent Assembly. In his role as prime minister, he has announced that power would be transferred to civilians as soon as the new constitution is drafted. According to the regime's original program, this transfer would take place no earlier than 1980.

FOCEP LEADER CALLS FOR UNITY OF LEFTISTS

PA2219417Y Lima EL COMERCIO in Spanish 18 Sep 78 p 4 PA

[Text] Piura, 17 Sep--The leader of the People's Student, Peasant and Workers Front (FOCEP), Dr Genaro Ledezma Izquieta, demanded "the unity of leftist groups in order to establish a popular revolutionary government" during a meeting called by FOCEP here.

Ledezma Izquieta pointed out that this idea is shared by the People's Democratic Union inasmuch as there is an ideological-political complement and that it is not just a formal unity but a revolutionary one. By joining the masses, he pointed out, we will be able to achieve socialism.

He blamed the IMF and U.S. imperialism for being responsible for the present economic crisis, pointing out the FOCEP is fighting them. "The country's present financial situation is an economic-political situation resulting from dependence on imperialism and fomented by the government," said Ledezma Izquieta, who presided over a meeting held at the cathedral. Hugo Blanco was not present, although he had been scheduled to speak.

He pointed out that the IMF has proposed "withdrawing food subsidies, reducing public expenditures and another devaluation of the sol."

Referring to the Peruvian Aprist Party (PAP) and the Popular Christian Party (PPC), he said they were "two partners of the Constituent Assembly who had sat down together in order to favor the government and increase its power."

He concluded his speech by expressing solidarity with the peasants of Piura in their struggle to obtain just prices for cotton and the free sale of that product.

BRIEFS

NETHERLANDS LOAN--The Netherlands Government has decided to grant a loan of 25 million guilders to aid Peru's balance of payments. The loan has a 30-year term of payment with an 8-year grace period, at a 4.3-percent interest rate. [Lima Domestic Service in Spanish 1200 GMT 22 Sep 78 PY]

VOLUNTEER BRIGADE READY TO DEPART FOR NICARAGUA

PA2[illegible] Panama City CRITICA in Spanish 25 Sep 78 p 1 PA

[Text] Hugo Spadafora has issued a communique stating that the volunteer brigade which will fight the Somoza regime will leave on Wednesday.

The communique asks all members of the "Victoriano Lorenzo" Brigade to be at the Don Bosco Church at 1700. Don Bosco has been chosen as the brigade's patron saint.

The communique adds that all volunteers unable to report Wednesday will be duly notified of the date for the departure of the second group of volunteers who will go to fight alongside the Nicaraguan people, who have been victims of the dictatorship for over 40 years.

Although scant information is available, CRITICA reporters, who have closely followed the brigade's activities, comment that plans are being made very seriously and there is firm determination to overcome all obstacles in attaining the goal of helping reestablish democracy in Nicaragua.

It has also been reported that there is strong support for the Sandinist movement in Chiriqui. Several dozen volunteers have contacted the committee in Panama City. Yesterday, a commission left for David to put the finishing touches on the organization of the group.

It is not known whether the Chiriqui volunteers will come to Panama City or--more likely--will wait in Chiriqui to join the Panama City group.

Meanwhile, the committee organizing the conference of continental solidarity with the Nicaraguan people is going ahead with its plans. The meeting, to be held in Panama City from 29 September to 1 October, will gather the most representative sectors of democracy and progress on the American continent. Prominent figures like Ted Kennedy, Gabriel Garcia Marquez, Gerar Pierre Charles and others whose names will be revealed later will attend the conference. They will analyze the situation in Nicaragua and the ways to more effectively help the Nicaraguans.

OFFICIAL DISCUSSES LOCAL ATTITUDE ON CANAL REVERSION

PA221308Y Panama City Circuito RPC Television in Spanish 2300 GMT 21 Sep 78 PA

[Text] We must correct mistaken opinions and outline the benefits that Panama will obtain from its entry into the Canal area, Edwin Fabrega said during a luncheon with the information subcommission working on implementation of the Torrijos-Carter treaties. Fabrega said the treaty is a reality which has not been fully understood. We must standardize the criteria used concerning it.

Fabrega added that Panama must not keep thinking of whether it can or cannot operate the canal or think exclusively about what assets will be transferred to it over the short term. We must realize that the treaties give us other things besides assets: They give us an incredible potential, development opportunities that we have never enjoyed before. If we use them properly, they will become benefits for all Panamanians.

The subcommission members will meet again tomorrow to review the work done to date and chart a flexible information policy to make it possible to provide full information on the benefits, rights and obligations stemming from Panama's entry into the Panama Canal area.

COSTA RICA

INTERIOR MINISTER COMMENTS ON BORDER SITUATION

PA252009Y Panama City ACAN in Spanish 1905 GMT 25 Sep 78 PA

[By Eduardo Castro]

[Text] San Jose, 25 Sep (ACAN-EFE)--Despite the apparent calm prevailing in the border area with Nicaragua, the Costa Rican Civil Guard--there is no army here--remains in a state of alert. The arrival of Panamanian troops has been denied, but a "mopping-up" operation against Sandanist guerrillas has been announced. Today, Monday, this agency interviewed Costa Rican Interior Minister Juan Jose Echeverria at length in connection with these topics.

Regarding a Panamanian National Guard convoy's passage yesterday, Sunday, through the southern border (Paso Canoas), Echeverria said that it had probably been a mistake by the Panamanian officer commanding it. He added that the neighboring country's officer had received orders to go to David (located in bordering Chiriqui Province) but that he had assumed he had to go to Costa Rica. [sentence as received] The Panamanian military attempt to enter Costa Rica took place less than 24 hours after Chief of Government Gen Omar Torrijos met with President Rodrigo Carazo. The two men discussed measures to guarantee "that there would be no futher violations of their territories."

Still in connection with this incident on the southern border, the minister added that the immigration office had notified him that Panamanian troops would be crossing the border. He attributed this situation to a mistake, "for I understand that what the Panamanian high command had ordered was the strengthening of its garrison in David." "The fact that Panama has a large force in David, in the event of any future development, is satisfactory but, for the time being, we do not approve of those troops entering our national territory," the official said. According to Echeverria, "the arrival here of armed persons, be they members of other countries' armies or not, will not be permitted."

Regarding the "mopping-up operation" begun Saturday to eradicate all Sandinist National Liberation Front members from Costa Rica, he said that he expects this operation to conclude this week. The minister, who will participate in this anti-Sandinist operation tomorrow, explained that this operation is further evidence that Costa Rica will try to remain neutral in the face of Nicaragua's political and military problems. According to Echeverria, things are quiet on the northern border. Fighting between Sandinists and the Nicaraguan army took place in this area on 16 September.

Regarding a possible invasion by the neighboring country's army, the minister noted that Costa Rican authorities fear that President Anastasio Somoza's government might seek to internationalize what at present is merely a domestic conflict. That is why we were so worried about the bombing on 12 September, Echeverria commented in referring to the Nicaraguan Air Force attack. Costa Rica viewed this incident as an act of agression and denounced it as such in international organizations. Still, he went on, the possibility that measures to internalize the conflict are being adopted in Nicaragua has diminished for now.

Regarding the possibility of new guerrilla attacks against the Nicaraguan army, the minister answered that reports are received every day that the Sandinist will attack again. In his opinion, these rumors are spread by the guerrillas themselves and even by the Nicaraguan ambassador here, Juan Bautista Lacayo, who recently announced that an attack was expected from the sea in the San Juan del Sur area.

The minister said in conclusion that, along with the threat that the Nicaraguan refugees may bring diseases which have already been eradicated in Costa Rica, it is also feared that common criminals who escaped from a number of Nicaraguan jails have also crossed the border and will soon begin acts here.

Further Details

PA251510Y Panama City ACAN in Spanish 1459 GMT 25 Sep 78 PA

[Text] San Jose, 25 Sep (ACAN-EFE)--LA NACION of San Jose reported today that a Panamanian military convoy has been denied access to the country at the Paso Cano border post when it tried to enter Costa Rican territory. The newspaper's correspondent at the border said that the commander of the convoy, composed of several motorized units and duly equipped with a surprising amount of war materiel, said that it had permission to enter Costa Rica. Immigration authorities called the Interior Ministry in San Jose and were told no such authorization had been given. LA NACION's correspondent added that because of this the convoy composed of about 500 men, returned to David, the capital of the western Panamanian Province of Chiriqui.

BORDERS CLOSED TO NICARAGUAN PRODUCE, GOODS FOR 30 DAYS

PA252145Y San Jose Radio Reloj in Spanish 2118 GMT 25 Sep 78 PA

[Text] Faced with the threat of the coffee rust disease, our country has decided to close its borders to products manufactured in and vegetables coming from Nicaragua. This measure was taken due to the possibility of the coffee rust disease--which for the past months has been the scourge of Nicaraguan coffee plantations--spreading to this country. Government sources said that no product coming from Nicaragua, or from Central America throug Nicaragua, will be allowed to enter the country for a 30-day period.

GUATEMALA

COSTA RICAN PRESIDENT DISCUSSES NICARAGUA WITH LUCAS

PA252141Y Panama City ACAN in Spanish 1713 GMT 25 Sep 78 PA

[Text] Guatemala City, 25 Sep (ACAN-EFE)--Costa Rican President Rodrigo Carazo met here today, Monday, with Guatemalan President Gen Romeo Lucas, with whom he analyzed the existing Central American political situation created by the Nicaraguan civil war. Carazo arrived in Guatemala City this morning on his way from San Jose, Costa Rican, to New York, where he will attend the 33d UN General Assembly.

The Costa Rican president was received at the Aurora airport by his Guatemalan colleague. The two presidents held a meeting at the airport. No details were given of the matters discussed during the private meeting held by the two presidents. Spokesmen merely said that they had analyzed the Central American situation. It was learned that Carazo and Lucas had spoken about the Nicaraguan army and its fight against the Sandinist guerrillas.

Carazo arrived aboard a commercial flight accompanied by his wife, Estrella Zeledon Carazo, but without bodyguards, just like any other passenger. After his meeting with President Lucas, the Costa Rican president boarded another commercial aircraft and continued his flight to the United States.

HONDURAS

TRINATIONAL MEETING DISCUSSES AREA POLITICS, ECONOMY

PA231004Y Panama City ACAN in Spanish 0141 GMT 23 Sep 78 PA

[Text] Tegucigalpa, 22 Sep (ACAN-EFE)--High ranking Costa Rican and Guatemalan officials on Friday afternoon discussed with the Honduran military junta various economic and political problems facing Central America. The Costa Rican delegation headed by Vice President Jose Miguel Alfaro expressed its country's viewpoint to the military triumvirate on "the sad incident" involving Nicaragua and eventual formulas to solve the Nicaraguan crisis. After the meeting, Alfaro told ACAN-EFE that they also discussed different political and economic topics, emphasizing that the Nicaraguan crisis must be solved without foreign interference. He explained that "in spite of the foregoing, it is the duty of the other countries of the area to contribute to the solution by making proposals suitable to the Nicaraguan people."

Guatemalan Vice President Francisco Villagran Kramer, who was accompanied by Frigate Capt Eduardo Villanueva, said after the meeting that it was agreed with the Honduran Government to establish an alternate route by sea to overcome the virtual commercial land blockade through Nicaragua. Kramer explained that the sea route would cover the ports of Santo Tomas, Cortes and Limon in Guatemala, Honduras and Costa Rica, respectively.

The Central American officials, who left for Guatemala this afternoon, said that the activation of the sea route will reestablish the vital trade between northern and southern Central America. The Costa Rican delegation included Industries and Commerce Minister Fernando Altmann Ortiz, Director General of Industries Carlos Echeverria and Antonio Carrillo, charge d'affaires in Tegucigalpa.

NICARAGUA

SOMOZA DESCRIBES FSLN AS POLITICAL, NOT CRIMINAL

PA232310Y San Jose Radio Monumental in Spanish 1756 GMT 23 Sep 78 PA

[Text] Somoza has said that he will not seek extradition of any Sandinist National Liberation Front [FSLN] insurgent now in Honduras or Costa Rica because, he acknowledged, they are members of a political movement and are not criminals.

During an interview granted to the Honduran newspaper LA PRENSA, the Nicaraguan dictator said that his planes had never overflown Honduran territory because his planes were very busy fighting in his country's southern region. Monumental reporter (Luis Saenz) will now read the report published by the Honduran newspaper:

Nicaraguan President Gen Anastasio Somoza Debayle has denied that his planes have violated Honduran airspace. He said that they have been very busy in the last few days in the country's south, carrying out operations against insurgents of the Sandinist National Liberation Front.

During an interview granted to the Honduran newspaper LA PRENSA, the Nicaraguan head of state said that all centers of violence arising from the (?mutiny) of 9 September have been wiped out and that there is peace in Nicaragua. It is known, Somoza said, that most of the leaders promoting the subversive and terrorist movement in Nicaragua have been trained in Cuba because all of them are well-known Marxist-Leninists. Somoza explained that Nicaraguan Air Force planes never bombed the cities which were the focus of insurgent activities. He said that they carried out reconnaissance missions and (?machinegunned positions), but no bombs were dropped at any time.

The cities of Esteli, Chinandega, Masaya and Leon were never really in the hands of the guerrillas, Somoza noted, because these cities were attacked by night while the police forces [resguardos] were in their garrisons and the insurgents withdrew during the day. Somoza stressed that when (?the army was instructed) to [word indistinct] the snipers who entrenched themselves in [word indistinct] the civilian population had already left with the approval of the National Guard. The Sandinists, Somoza told the Honduran newspaper, set fire to stores in Leon, Chinandega and Esteli. They had a schedule to meet in order to create chaos in Nicaragua because they know that they do not have the political power [required] to govern the country, he said.

Somoza (?asserted) that the guerrillas have been dealt a serious blow and have sustained numerous casualties, suffering a moral defeat that will not allow them to reorganize themselves for another attack on Nicaraguan cities. The president denied that his air force planes violated Honduran airspace as was (?reported) in the last few days. Somoza affirmed that his government will not seek extradition of the FSLN insurgents who have taken refuge in Honduras because the [word indistinct] in Nicaragua are the result of a political mutiny and not of common crimes.

During the course of the same interview with the Honduran newspaper, General Somoza said that he had no official knowledge of a suspension of U.S. aid to Nicaragua; but affirmed that if this has happened, we Nicaraguans (?understand). He recalled also that Nicaragua is a member of the Central American Defense Council--CONDECA--and said that the other Central American countries have reason to be very interested in Nicaragua's fate because they know, Somoza said, that I will never relinquish power to a Marxist-Leninist.

Regarding Costa Rica, Somoza noted that he was not surprised at the attitude expressed in their accusation that Costa Rican airspace was violated. Our planes, the Nicaraguan dictator said, were chasing insurgents who had attacked the Penas Blancas border checkpoint a few minutes earlier. What vexes me, Somoza said, is that Costa Rica allows its territory to be used as a base for launching attacks on Nicaragua.

U.S. OFFER OF HELP IN SEARCH FOR PEACE IS ACCEPTED

PA2600335Y Managua Domestic Service in Spanish 2351 GMT 25 Sep 78 PA

[Communique No 68 signed by Harry Bodan Shields, acting foreign affairs minister, issued on 25 Sep by the Press and Information Secretariat of the Presidency--read by announcer]

[Text] The Nicaraguan presidential press and information office informs the people that the Foreign Ministry has announced that the Nicaraguan Government has accepted the friendly cooperation offered by the U.S. Government today through Ambassador on special mission William Jordan, aimed at helping find peaceful solutions to the present situation in Nicaragua in cooperation with interested opposition groups.

The Foreign Ministry also announces that the Nicaraguan Government is awaiting similar offers in order to implement point V of the resolution issued by the 18th consultation meeting of the OAS.

[Signed] Harry Bodan Shields, acting foreign minister

[Issued by] Press and Information Secretariat of the Presidency

VISIT BY HUMAN RIGHTS COMMISSION DECLARED WELCOME

PA260409Y Managua Domestic Service in Spanish 0320 26 Sep 78 PA

[Communique No 69 signed on 25 Sep by Harry Bodan Shields, acting foreign affairs minister, issued by Press and Information Secretariat of the Presidency --read by announcer]

[Text] The Nicaraguan presidential press and information office informs the people that the Foreign Ministry, implementing the 17th consultative organization's resolution, has today instructed the Nicaraguan permanent commission to the OAS to inform Chairman Vice Adm Ramon Emilio Jimenez and Ambassador Andres Aguilar, president of the Inter-American Human Rights Commission, that the Human Rights Commission is welcome at any time in Nicaragua. It can advance the date of its visit, scheduled for 5 October, to whatever date it considers most advisable.

[Signed] Harry Bodan Shields, acting foreign minister

Managua, D.N., 25 September 1978

[Issued by] Press and Information Secretariat of the Presidency

STRIKE FAILS: BUSINESS, INDUSTRY REOPEN

PA251917Y Paris AFP in Spanish 1857 GMT 25 Sep 78 PA

[Text] Managua, 25 Sep (AFP)--All business and industrial establishments in Nicaragua reopened their doors today, thus bringing to an unsuccessful end the revolutionary strike which lasted for 32 days. The movement had been launched by activists in an attempt to force President Anastasio Somoza to resign from his post. In Managua, 80 percent of the businessmen and industrialists had initially heeded the call to strike. They were later joined by service stations. It is felt here that the failure of the Sandinist rebellion begun in five of the country's cities on 9 September was a mortal blow to the strikers. It was announced, however, that the Broad Opposition Front (FAO), which initiated the strike, will ask its members not to pay the new taxes decreed by the government shortly before the crisis began in order to continue exercising economic pressure on the Somoza regime.

REFUGEES IN HONDURAS, COSTA RICA, INVITED TO RETURN HOME

PA260323Y Managua Domestic Service in Spanish 0014 GMT 26 Sep 78 PA

[Communique No 60 issued on 25 Sep by the Legal and Public Relations Office of the Nicaraguan National Guard--read by announcer]

[Text] The Legal and Public Relations Office of the Nicaraguan National Guard hereby informs the people, and especially those fellow countrymen who are temporarily residing in Honduras and Costa Rica, that the National Guard has restored peace and tranquillity throughout the country. It also reports that, since all activities have gone back to normal, water and electricity services--interrupted because of the latest incidents--have been restored. Consequently, all Nicaraguans who voluntarily left the country are invited to return to the fatherland and to contribute with their work and effort to the increasing progress of the republic.

[Signed] Col Aquiles Aranda Escobar, chief of the Legal and Public Relations Office of the Nicaraguan National Guard

ECONOMIC RECOVERY PLANS ANNOUNCED BY GOVERNMENT

PA230650Y Paris AFP in Spanish 0124 GMT 23 Sep 78 PA

[By Patrick Bolge, special AFP correspondent]

[Text] Managua, 22 Sep (AFP)--Nicaraguan Vice Minister of Economy [name indistinct] Fernandez said today that the Nicaraguan Government has drafted a domestically financed, medium-range economic investment program to restore the country's economy. He said that so far no decision has been made regarding international aid which nevertheless would probably be necessary. The vice minister, who is a graduate of Cornell University, did not give figures on the damage caused by 3 weeks of insurrection in Nicaragua. However, he emphasized that the national economy is essentially agricultural and hoped that the forthcoming harvests would be good. Coffee and cotton are the principal export products of Nicaragua.

He said that Nicaragua has been suffering for 1 year from an uncertain situation caused by the attitude of employers, a decrease in savings and a shortage of investments. Referring to the country's food situation, Fernandez said that government organizations will replace the destroyed distribution networks. He said that industrial activity, now paralyzed by a strike "closely connected with the insurrection," will resume completely next week. The vice minister also mentioned necessary austerity measures in the government, but announced a public works program over the next 5 months to reconstruct the cities most extensively damaged in the recent events, "to provide a minimum income for every family."

Fernandez said that the country's foreign exchange had decreased from $126 million to a deficit of $50 million in 1 year. He said that the recently established exchange controls will make government credits more flexible. He added that the present phenomenon of emigration is only "an effect brought on by temporary apprehension." Fernandez said that a $50 million standby credit is being negotiated with the IMF and that the granting of this credit depends only on a reprogramming of the government's economic goals.

FSLN COMMUNIQUE CLAIMS RANKS ARE INTACT

PA260443Y Paris AFP in Spanish 0419 GMT 26 Sep 78 PA

[Text] Tegucigalpa, 25 Sep (AFP)--The Sandinist National Liberation Front (FSLN) issued a communique here today stating that "the struggle against the Somoza dictatorship continues on every inch of Nicaraguan soil." The FSLN communique adds that its military forces "are intact and growing despite the National Guard's bombing of the defenseless civilian population and mass executions." The FSLN also said that "in view of the complete press and radio censorship imposed by the Somoza dictatorship and the distortion of international dispatches, it must reveal the true situation prevailing in Nicaragua."

In its communique, the FSLN stressed its aim of establishing a democratic and popular government "which will represent the interests of the working masses" and which will have the participation of "all the sectors which have struggled for the overthrow of the Somozist dictatorship." According to the FSLN, the latest struggles have "strengthened it in quantity and quality" because "the best elements of the people have joined the struggle as of 9 September." The communique says that "the cease-fire we have made is merely temporary and we are only awaiting the right moment to advance to better positions."

BROAD OPPOSITION FRONT URGES PEOPLE TO CONTINUE STRUGGLE

PA252352Y Paris AFP in Spanish 2321 GMT 25 Sep 78 PA

[Text] Managua, 25 Sep (AFP)--This afternoon Nicaragua's Broad Opposition Front [FAO] urged the people to continue the struggle against Anastasio Somoza's regime, which was "mortally wounded" with the strike that ended today. In a document released this afternoon, the FAO stated that despite the fact that almost all of the country's businesses reopened today after a 32-day strike, the strike was a legitimate victory for businessmen, workers and consumers.

"The struggle to overthrow the Somozist dictatorship will be everybody's struggle and we are sure nobody will give up in this patriotic effort," the communique adds. The FAO added that it will not step back in this struggle and that "the dictatorship was mortally wounded" by the general strike, which led the country to an economic disaster. According to the FAO, the government of Anastasio Somoza has been able to temporarily overcome the crisis thanks to the violent armed repression unleashed in several cities in the country.

The document concludes by stating that the FAO favorably views the international efforts initiated at the OAS aimed at finding a solution to the crisis being experienced in the country.

OPPOSITION HOLDS SECRET MEETING TO PLAN NEW STRATEGY

PA252047Y Paris AFP in Spanish 1944 GMT 25 Sep 78 PA

[By Horacio Ruiz]

[Text] Managua, 25 Sep (AFP)--Members of the civilian opposition to Anastasio Somoza's regime met secretly today to plan a new revolutionary strategy now that the 32-day strike staged against the government by businessmen and industrialists has failed. Discouraged by their movement's failure and the crushing of the Sandinist guerrillas, who tried to overthrow Anastasio Somoza's regime [illegible]ing a desperate 10-day struggle, the Broad Opposition Front (FAO) leaders he[illegible]ngthy meeting "somewhere" in Managua.

The opposition leaders--the Sandinist leaders did not attend the meeting--agreed that the 5th day of struggle had been fatal for the success of the uprising. It was on that day that Somoza's government threw the full weight of its infantry, artillery and aviation into the fight, crushing the rebels in Masay, Matagalpa, Leon and Chinandega, the principal rebel strongholds. Esteli, the last subversive pocket, would fall 4 days later.

The opposition had to revise its strategy, as all of the country's businesses and industries resumed their activities today. Observers, meanwhile, feel that the possibility of a dialog between Gen Anastasio Somoza and the FAO is very remote.

Some time ago this political group designated Rafael Cordova, Alfonso Robello and Sergio Ramirez as its representatives at any future meeting in which the formation of a national unity government would be discussed, if Somoza were overthrown.

The government announced today that all of the country's cities are absolutely peaceful but it has been learned that a few isolated incidents occured in several cities during the last few hours, when military patrols acted too rigorously and killed several civilians, who were in their homes in Masaya and Jinotepe. The soldiers were searching for any Sandinist guerrillas who might have been unable to escape from the cities, seeking refuge in the rural areas or the mountains as their other comrades had done.

Many sectors of the population believe that the calm that has been restored in this country is only temporary and that more fighting will break out soon. Distinguished jurist Idelfonso Palma today addressed a public letter to Somoza, asking him to shorten his presidential period, which concludes in 1981, as a means of preventing a repetition of the tragedy which the Nicaraguan people have just experienced.

Plans for the gradual resumption of the 80 newscasts that the country's radio stations broadcast daily were being made this afternoon, in accordance with the 30-day military censorship imposed on 1 September. The problem is that the military censorship has set as a condition that announcers read anticommunist slogans during the newscasts. Finally, it is rumored that in order to guarantee public peace, the government will extend the state of siege imposed on the country for at least another 30 days.

TUNNERMANN COMMENTS ON PROVISIONAL GOVERNMENT

PA2306277 Panama City ACAN in Spanish 0107 GMT 23 Sep 78 PA

[By Alberto Garcia Marrder]

[Text] San Jose, 22 Sep (ACAN-EFE)--The Nicaraguan opposition described here today as a democratic, real and viable alternative the establishment of a provisional government in view of the imminent fall of General Somoza's regime. Carlos Tunnermann, a member of the opposition group known as "the 12," told ACAN-EFE that the idea is to show that there already exists an alternative between Somoza and what the government calls the communist option; that is, the victory of the Sandinists.

In an exclusive interview held in his office at the Central American University Confederation [Confederacion Universitaria Centroamericana--CSUCA], of which he is an official, Tunnermann said that this alternative is real, that it represents the consensus of the various opposition forces, including the Sandinists and that, moreover, it has a specific program. The establishment of the provisional government was announced simultaneously today in several capitals. The triumvirate is made up of Sergio Ramirez Mercado (of the Group of 12), Rafael Cordova Rivas (president of the Democratic Union of Liberation) and Alfonso Robelo Callejas (president of the Nicaraguan Democratic Movement).

Tunnermann also said that the formation of the provisional government is an indication that it will face no difficulty in being accepted within the opposition once Somoza has left. It is also an indication that there are no personal antagonisms within the Nicaraguan opposition, he added. When it was noted that the announcement coincided today with the Somoza government's announcement that it had completely crushed the rebellion against Somoza, Tunnermann conceded that perhaps this was not the best moment for the opposition announcement. However, the announcement of the establishment of the provisional government does serve to inform the world that the Nicaraguan people have not given up, that the struggle is continuing, and that Somoza cannot boast of triumph in crushing a rebellion on the basis of having destroyed four cities and having committed genocide, Tunnermann added.

Regarding the possible participation of the Sandinists in a future provisional government, Tunnermann said that although the Sandinists will not participate directly, they will have a voice in the government. He emphasized that the opposition does not consider Sandinism equivalent to communism. It is a nationalist banner although some Sandinists may admit to being Marxists, he said.

Tunnermann expressed opposition to possible intervention of an OAS inter-American peace force in Nicaragua, as occurred in the Dominican Republic in 1965. That intervention produced a Trujilloism without Trujillo, in the form of the Balaguer regime.

We do not want Somozaism without Somoza in Nicaragua, he added. Finally, Tunnermann said that the opposition wants a democratic regime that will transform the country and channel it toward democracy.

'GROUP OF 12' SPOKESMEN INTERVIEWED BY PARIS 'LE MONDE'

LD211615Y Paris LE MONDE in French 22 Sep 78 p 6 LD

[Alain-Marie Carron undated interview in San Jose Costa Rica with "Group of 12" members Carlos Tunnermann Bernheim, Father Ernesto Cardenal and Dr Carlos Gutierrez Sotelo: "Opposition Personalities Close to Sandinists Denounce U.S. 'Hypocrisy'"]

[Excerpt] Mr Tunnermann was keen to dispel any doubts about the representativeness of the "twelve" who, judging by their social origins, seem rather far removed from the Sandinist National Liberation Front leaders who, for their part, claim to be Marxists.

"The day of the general insurrection, Saturday 9 September," Mr Tunnermann said, "the front published a communique which asked the 'Group of 12' to head a provisional government whose first two objectives would be to expropriate Somoza's property and form a new army," in other words, to dismantle the National Guard in its present form.

A Provisional Government

"We were in absolute agreement with these two points," Mr Tunnermann continued, "and I would also like to repudiate two allegations which are put forward by Somoza's supporters and by the Americans. There will be no power vacuum if General Somoza falls. We are ready and the provisional government will be capable of insuring the continuity of the state's activities. We are forming this provisional government in cooperation with the political parties grouped within the Nicaraguan Democratic Movement and the Democratic Union of Liberation.

"What is more, it is totally wrong to claim that if Somoza goes, Nicaragua is destined to become a second Cuba. There is nothing in the Sandinist front's platform which could imply this. No historical change resembles any other, and Nicaragua's liberation struggle is being waged by the people of this country and resembles itself. It has nothing to copy from elsewhere."

The setbacks suffered by the Sandinists last Sunday, when a large number of them attempted to establish a bridgehead in the south of the country on the border with Costa Rica, have not weakened the determination of their representatives in San Jose. "It is a war," Father Cardenal admitted, leaving implicit what is in fact a military defeat. But it is a war waged by the Nicaraguan people, who are willing to die. It is an unequal struggle, but one which will only end with the fall of Somoza and Somozaism."

According to him and his friends, the National Guard, which is well armed and well equipped, is actively recruiting mercenaries, particularly in Florida. There are reportedly 700 in its ranks already. "The inhabitants of Leon, the country's second largest city," Father Cardenal said, "telephoned us here while the National Guard was trying to retake the city. They told us that Salvadorans and Guatemalans had joined President Somoza's men. Those men were not mercenaries; they were soldiers sent to Nicaragua within the framework of the Central American Defense Council, which does nothing without informing the Pentagon."

The Revolt Against Economic and Military Slavery

In both sides' view, the U.S position since the start of the crisis is "an attitude of complicity." Father Cardenal spoke of the "hypocrisy" of the United States "whose historical responsibility is well known to everyone.

"It was the United States which created the National Guard--which still behaves today like an army of occupation--and left it in the hands of a Somoza. It continues to grant military support to the regime, and we know that only recently it supplied the National Guard with some 20 field guns. The planes which bombed the Sandinists at the Costa Rican border on Sunday 17 September were led by an aircraft flying the American flag. We believe that in doing this President Carter is jeopardizing his reelection because he is showing the whole world that he is a hypocrite and that his policy of defending human rights is nothing but a lie.

"In 150 years of independence," Dr Carlos Gutierrez Sotelo emphasized, "we have spent almost one-third of our history, that is, nearly 50 years, under North American domination. Now the problem of Nicaragua is not limited to the borders of Nicaragua. It should be seen in the context of Latin America. Nicaragua is now the expression of a revolt against military and economic slavery, a state in which Latin America has lived such a long time. We would like the U.S. people to realize that the Latin American peoples would like to have continuous, dignified and fair relations with the United States but the United States itself hinders this. Everything is happening as if slavery and the struggle against slavery had moved into Latin America. This is the real context of the Nicaraguan people's struggle."

"We hope," Father Cardenal concluded, "that France will help us in one way or another. Because in the situation which now prevails international law has become inoperative. It serves to protect governments and not peoples. When a government annihilates its own people, as is now the case in Nicaragua, international law remains silent. We hope that the world will not allow Somoza to destroy Nicaragua and that the democratic and civilized countries will not remain inactive."

CHURCH, INDE REGRET SOMOZA'S REFUSAL OF MEDIATION

PA252143Y San Jose Radio Reloj in Spanish 1730 GMT 25 Sep 78 PA

[Text] The Nicaraguan Catholic Church and private businessmen have sent another letter to President Anastasio Somoza, voicing their regrets that conciliation was rejected as a way to solve Nicaragua's current problem. William Baez Sacasa, INDE [Nicaraguan Development Institute] secretary, said that the suggested mediation permitted the government to choose three countries as mediators in talks between it and the Broad Opposition Front rather than just with the church and private business. Baez will now read a text of the letter: [begin recording] Mr President, upon instructions from Msgr Pablo Antonio Vega, Episcopal conference vice president; Msgr Miguel Obando y Bravo, archbishop of Managua; and Don Manuel Jose Torres, INDE president, we hereby refer to your 22 September 1978 letter concerning the possibility of finding a peaceful and permanent solution to the current political crisis. They have asked us to tell you that they regret your decision not to accept the core of their proposal, which was for Colombia, Mexico and the Dominican Republic to participate in the negotiating process between the government and political groups united in the Broad Opposition Front (FAO). They also want to clearly spell out that it was their patriotic desire to contribute to the peaceful and permanent solution of the country's problems by suggesting a specific formula to achieve peace and begin democratization.

Respectfully yours [signed] Father Javier Uribe, vice chancellor of the Episcopal curia

William Baez, INDE executive secretary [end recording]

MALMIERCA'S SPEECH AT UNITED NATIONS REPORTED BY HAVANA

FL260004Y Havana Domestic Service in Spanish 2300 GMT 25 Sep 78 FL

[Text] We have just received a last minute report in our newsroom on the speech given by Cuban Foreign Minister Isidoro Malmierca at the UN General Assembly.

Cuba today asked the General Assembly to reject the credentials of the Somoza delegation of Nicaragua which has been rejected by its people and by all of progressive humanity. In a speech to the top UN organization, Cuban Foreign Minister Isidoro Malmierca said that the assembly should condemn the Anastasio Somoza regime, the sending and use of mercenary groups to suffocate the Nicaraguan people's struggle and all military and economic aid to the Managuan tyranny. He recalled that the Nicaraguan people turned to taking political power, inspired by the example of Augusto Cesar Sandino, to open the avenues leading to a different and better future. The Cuban minister stated that Somoza has used all forms of oppression to put down the popular insurrection. He has trampled on human rights, he has infringed on public freedoms and installed barbarism and genocide. He added that to these ends he has even used groups of mercenaries in which appear Vietnamese and Cuban counterrevolutionaries recruited from several countries, especially from the United States and from Central American states. He stated that this situation has created a real center of possible aggressions by the Somoza regime against other neighboring states, as has already occurred in the cases of bombings of Costa Rican territory, endangering peace in the whole area.

Malmierca said that the international community cannot accept pseudo-solutions to the problems of the Middle East, which do not satisfy the legitimate national rights of the Palestinian people, which include establishing their own state. Cuban Foreign Minister Isidoro Malmierca told the General Assembly that without these conditions and the unconditional return to the Arab states of the occupied territories in 1967 by Israel, there cannot be true peace in the Levant. He added that if we believe what the mass media of the capitalist world tell us, we could suppose that advances have already been made toward peace in the Middle East; but if on the other hand we pay attention to what has happened over the last few months, we are obliged to see that reality is very different. He stated that the fact trying to be ignored is that Israel--with the always present assistance from its allies and especially from the United States--continues occupying Egyptian, Jordanian and Syrian territory with the same tenacity which prevents the Palestinian people from satisfying their most elemental national rights.

In another part of his remarks Malmierca said that Cuba reiterates its support for the inalienable right of Puerto Rico to self-determination and independence. The Cuban foreign minister stated that his country's policy stems from the pertinent requirements approved at the nonalined countries conference and from the mandate arising from the history of fraternal struggling with the Puerto Rican people. In his remarks at the general discussions he recalled that on 12 September the decolonization committee, following two weeks of intense work, approved a resolution calling on the United States to transfer all powers to the Puerto Rican people so that they, with total sovereignty, can freely decide their future. The Cuban foreign minister pointed out that the United States Government was totally isolated.

Further Reportage

FL261059Y Havana Domestic Service in Spanish 1000 GMT 26 Sep 78 FL

[Excerpts] Cuban Foreign Minister Isidoro Malmierca has addressed the UN General Assembly. The Cuban foreign minister called for a definite end to colonialism and for the right of all people to self-determination and independence.

He also expressed Cuban support for the completion of negotiations to reach partial agreements in general disarmament, such as the elimination of chemical weapons, prohibition of nuclear testing and the proscription of use of force in international relations. In this regard Malmierca congratulated the initiatives begun by the USSR and other socialist countries.

In the name of our country Isidoro Malmierca denounced the alliance of the Chinese leadership with North American imperialism and NATO as being a threat to the Vietnamese people.

After asserting that the efforts by the enemies of the peoples to divide the nonalined countries movement has been a failure, our foreign minister discussed the preparations for the next [nonalined] summit in Cuba and pointed out that this will be the first occasion that such an important meeting is held in Latin America.

In another part of his address he labeled the results in the economic sphere since the approval of the declaration on establishing a new international economic order as frustrating. After requesting at the United Nations that the Security Council impose adequate sanctions to economically, politically and militarily isolate South Africa, Malmierca reiterated Cuban support for the legitimate representatives of Namibia and Zimbabwe--SWAPO and the Patriotic Front, respectively.

He also reiterated that in any negotiations with the United States, Cuba would set as prerequisites the cessation of the blockade which was unilateraly imposed and maintained against our island and the cessation of all acts of hostility and aggression by Washington.

MALMIERCA MEETS WITH SWAPO'S NUJOMA, LIBERIA'S DENNIS

FL2600001Y Havana Domestic Service in Spanish 2300 GMT 25 Sep 78 FL

[Text] At the time of this broadcast Cuban Foreign Minister Isidoro Malmierca was making a speech at the 33d session of the UN General Assembly. Malmierca earlier had held important meetings with representatives of national liberation movements and nonalined countries. Yesterday the Cuban Foreign Minister met with Sam Nujoma, president of SWAPO, and reiterated Cuba's firm support of the demand to achieve Namibian independence. He also met with Cecil Dennis, foreign minister of Liberia, a country with which Cuba maintains friendly and fruitful relations. Malmierca arrived in New York on Saturday at the head of a delegation to attend the new UN session.

MINISTER LUSSON REAFFIRMS CASTRO ATTITUDE ON CAMP DAVID

LD221522Y Algiers Domestic Service in Arabic 1200 GMT 22 Sep 78 LD

[Summary] Yesterday Antonio Lusson, member of the PCC Central Committee, minister of transport and chairman of the Cuban-Arab friendship society, arrived in Algiers. "At the airport he made a statement in which he reaffirmed the attitude of Maj Fidel Castro toward the Camp David agreements, which is that the Camp David summit is the summit of treason and that as-Sadat has been its main instrument."

DOMINICAN REPUBLIC

GOVERNMENT ANNOUNCES DISCOVERY OF CONSPIRACY

PA2323331Y Buenos Aires LATIN in Spanish 2303 GMT 23 Sep 78 PA

[Text] Santo Domingo, 23 Sep (LATIN)--Minister of State for Interior and Police Vicente Sanchez Baret has affirmed that the government has in its possession details of presumably conspiratorial plans. The official said that the government will not permit the disruption of order or the constitutional process, and revealed that he has summoned the persons involved in this conspiracy to his office to dissuade them from carrying out their plans. He said that these persons are being watched closely and that the government knows the location of their meeting places. However, Sanchez Baret would not reveal the names of the alleged plotters.

JAMAICA

SEAGA: POLITICAL FACTOR IS OBSTACLE TO ECONOMIC GROWTH

PL2316402Y Kingston DAILY GLEANER in English 20 Sep 78 pp 1, 15 FL

[Text] Opposition leader Edward Seaga has said that the basic obstacle to the growth of the Jamaican economy is no longer the economic but the political factor. In a statement issued over the weekend, the JLP [Jamaica Labour Party] leader said that "until the over-riding political problem of lack of confidence in the government is solved, there will be no solution to the economic problems of joblessness, shortages, deteriorating standards of living, business failures and migrating skills." He said that both the government and the IMF were wasting their time in trying to restore growth to the economy by economic measures.

Wasting time

Following is the text of the statement:

"Both the Government of Jamaica and the IMF are wasting their time in trying to restore growth to the economy by economic measures, as set out in their agreement. The agreement is foredoomed to failure and the economy to continued deterioration and negative growth. The basic obstacle to growth is no longer the economic but the political factor, and until the over-riding political problem of lack of confidence in the government is solved, there will be no solution to the economic problems of joblessness, shortages, deteriorating standards of living, business failures and migrating skills. This can be readily established by looking at thepast and current performance of the economy.

Strategy

The strategy for growth set out in the agreement between the government and the IMF, as outlined in Ministry Paper 10, is a standard formula:

(1) Increase prices by higher taxes and devaluation.
(2) To depress purchasing power and consumption.
(3) To generate savings (since less money is spent on purchases),
(4) Which will be converted to investment,
(5) In order to induce growth.

"This formula collapses at two points--one economic and the other political. Firstly, the depression of consumption is excessive to the point where whole categories of business operations are no longer viable and the domestic economy is threatened with wholesale closure.

"A survey of reduction in consumption carried out shows 20 per cent to 30 per cent down turn in sales due to the considerable increase in prices, following from the dramatic escalation of taxes and massive devaluation.

"The consequence of this excessive dosage of depressants is going to be economic paralysis as even the most viable and substantial businesses are feeling the impact and are facing severe cutbacks in employment. Lesser business houses are facing failure.

"The garment industry, a major employer, is in despair as orders have virtually ceased, since clothing is no longer a priority item for the housewife's dollar. The construction industry, another major employer, is dead. These are mere sectoral examples.

"Until taxes are rolled back to reduce prices, the economy will be faced with the threat of paralysis at the worst and non-viability at best. To reduce taxes the government must start immediately the process of zero budgeting to cut the waste, the corruption and the low priority expenditures out of the budget. It can lose no more time in doing this. If my advice in this respect had been accepted in February of this year, taxes would not have had to be imposed to the crippling levels announced in the last budget.

"But even if these economic measures are taken immediately, the chain in the strategy for growth will still be broken unless there is the political leadership within or outside the present government capable of restoring the confidence necessary to produce growth. Until this happens all other efforts, IMF, friendly countries and otherwise, are useless, because the financial inputs cannot be converted to growth.

"At present savings accumulated in the banking system are not converted to investment and no matter what increase in savings may take place, this will continue to be so because the confidence to invest is lacking. The banking system has been excessively liquid, with banks virtually discouraging new accounts or term deposits for the obvious reason that no one is borrowing. The fact that the government last week drew off most of this excess liquidity under the terms of the IMF agreement which requires deposits to be put up to meet expected and outstanding foreign exchange obligations does not deny the validity of the argument that when there is excess liquidity there are no borrowers. New loans in the banking system are as dead as the construction industry.

"What the over-riding political fact of lack of confidence means is that the country is being put through the crippling experience of a depressive strategy designed to force savings, although even if this economic strategy succeeds, it will not produce the next step of converting savings to investment and growth because of political reasons.

"The government's agreement with the IMF is therefore a waste of time as a strategy to produce growth until the political hurdle is cleared. Until then, there will be a continuing spiral of negative growth, deteriorating standards of living, shortages, joblessness and migrating skills until we reach bottom.

"The question which now remains is whether the political problem will be solved in time to allow solution to the economic problem, that is--which will come first--the collapse of the government or the country. For those who want to know what is their future and the future of the country, that is the race to watch."

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